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Mr. L. K. TULASIRAM :—" I close my observations with the request to the hon. Minister to administer the rules in a more sympathetic manner."

* The hon. Mr. M. R. SETURATNAM AYYAR :—" I do not want to say anything on this matter except that I will bear the several suggestions made by hon. Members in mind, give a trial and await the result of the working of the Act." 3-15 p.m.

The hon. the PRESIDENT :—" I take it that the House is ready for a vote.

" The question is that—

' *This Council recommends to the Government that the revised notification and rules submitted to the Council for approval under section* 8 *of the Cotton Transport Act,* 1923 (*III of* 1923), *as amended by the Cotton Transport (Amendment) Act,* 1925 (*XXXIV of* 1925), *be issued by the Local Government in the form in which they have been so submitted.*' "

The question was put to the House and carried.

VII

A BILL TO AMEND THE MADRAS STATE AID TO INDUSTRIES ACT, 1922.

* The hon. Mr. M. R. SETURATNAM AYYAR :—" Mr. President, Sir, I beg to introduce a Bill[a] to amend the Madras State Aid to Industries Act, 1922.

" The Statement of Objects and Reasons explains fully the scope and purpose of the amendments embodied in the Bill. The working of the Act has shown the need for amending it with a view to enable cottage workers to avail themselves of the facilities afforded by it. It has been found that if cottage industries are to be assisted they should be exempted from the provisions of section 9 of the Act which requires that application for a loan should show assets equivalent to double the amount of the loan required. Cottage workers as a rule do not possess much assets and the restriction of the maximum limit of loan to 50 per cent of the assets stands in the way of their getting any assistance. It is therefore proposed to relax provisions of this section.

" Nextly, the cottage and small-scale industries cannot be expected to maintain detailed accounts, to prepare and submit returns and statements or to get their accounts audited by persons approved by Government for the purpose. In many cases, cottage workers and small-scale industrialists cannot, from the profits they realize from their business, incur the expense of employing a staff to prepare accounts or to meet the cost of audit. It is therefore proposed to exempt these concerns from section 11 of the Act.

" Nextly, these industries cannot get any guarantee of cash credit, or overdraft or fixed advance unless the conditions prescribed in sections 9—12 are satisfied. I have explained that it is necessary to exempt these concerns from the operation of sections 9—11 in respect of applications for cash loans under section 6 (*a*). For the same reasons it is necessary that they should be exempted from these provisions when they apply for aid under section 6 (*b*) of the Act.

[a] Published in the *Fort St. George Gazette*, dated 31st January 1928, as Bill No. 2 of 1928.

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"I may, in this connexion, mention that as a result of the survey of the cottage industries now in progress, it may be found necessary to afford help on a larger scale to cottage workers and small-scale industrialists with a view to improve their economic condition. It is therefore particularly desirable that the existing State Aid to Industries Act should be made more elastic so as to provide for the grant of assistance to these industries in suitable cases."

The hon. Mr. S. MUTHIAH MUDALIYAR :—"I second it."

The hon. the PRESIDENT :—"The question is that the Bill be taken into consideration at once."

Mr. J. A. SALDANHA :—"I beg to move, Sir, that the Bill to amend the Madras State Aid to Industries Act be referred to a Select Committee composed of the following members :—

1. The hon. the Minister for Development.
2. ,, Advocate-General.
3. Mr. R. Nagan Gowda.
4. Diwan Bahadur P. C. Ethirajulu Nayudu.
5. Mr. V. Ch. John.
6. ,, L. K. Tulasiram.
7. ,, C. Gopala Menon.
8. ,, C. Ramasomayajulu.
9. Mr. D. Narayana Raju.
10. ,, Abdul Hamid Khan.
11. Rao Bahadur C. S. Ratnasabhapati Mudaliyar.
12. Mr. A. Ranganatha Mudaliyar.
13. Rajkumar S. N. Dorai Raja.
14 Mr. K. Uppi Sahib.
15. ,, J. A. Saldanha (the Mover).

"Sir, I shall briefly give the reasons why I prefer to have this Bill referred to a Select Committee. As we know and as the hon. the Minister has admitted, this Bill is very inadequate for aiding the development of the industries. We have to consider not only sections 9 to 14 of the Act but also some other sections which ought not to apply to small industries. For instance, section 18 requires that arrears of debt can be recovered as if they are revenue overdue, i.e., they can be recovered by summary procedure and the industry can be attached, as in the case of the Carnatic Paper Mills. That is a very dangerous section. I do not understand why the cottage industries should be throttled like this. The Government should not have such a power. I therefore urge that in the case of small industries, they should be exempted from the operation of section 18 of the Act which gives priority to Government loans over other loans. On account of this section, there is always a great dread in the minds of the people who start small industries. Therefore, though I have not brought an amendment including section 18 also, it is absolutely necessary that a Select Committee should carefully weigh the provisions of this Bill and make it as comprehensive and useful as possible. For these reasons, I propose that the Bill be referred to a Select Committee composed of the members I have mentioned already."

Mr. D. NARAYANA RAJU :—"I second the motion, Sir."

* The hon. the PRESIDENT :—"The amendment is that the Bill to amend the Madras State Aid to Industries Act be referred to a Select Committee composed of the members mentioned in the agenda.

"The amendment is for the discussion of the House."

* The hon. Mr. M. R. SETURATNAM AYYAR :—"I oppose it, Sir."

Mr. S. SATYAMURTI :—"On a point of order, Mr. President. Let the Minister oppose it, but I feel that he ought to be more alert. The Chair may excuse him this time, but he must be more alert."

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*The hon. Mr. M. R. SETURATNAM AYYAR :—" I was seeing whether any other hon. Member was going to speak."

" Mr. President, the scope and object of the Bill are too simple to require a detailed consideration by a Committee of the Council. The Bill is a very simple measure intended to extend benefits to small industries and workers at home. The help proposed is exemption from certain sections of the Act which have been considered to be restrictive and not likely to lead to a rapid development or improvement of the conditions of these small workers. The Bill was published, I think, in November 1927, and as this simple measure has been hanging fire for a very long time, I request that the Council may agree to its passing into law immediately, as I am anxious that no further delay should occur in extending the help to small industries. I trust my hon. Friend will not press his motion to refer the Bill to a Select Committee."

* The hon. the PRESIDENT :—" I take it that the House is ready for a vote on Mr. Saldanha's amendment.

" The question is that the Bill be referred to a Select Committee composed of the 15 members mentioned in the agenda."

The question was put to the House and declared lost. A poll was demanded, and the House divided thus :—

Ayes.

1. Mr. Sami Venkatachalam Chetti.
2. ,, S. Satyamurti.
3. ,, T. V. Venkataramana Ayyangar.
4. ,, T. Adinarayana Chetti.
5. ,, P. Anjaneyulu.
6. ,, J. A. Saldanha.
7. ,, Abdul Hamid Khan.
8. ,, C. S. Govindaraja Mudaliyar.
9. ,, G. Harisarvottama Rao.
10. ,, C. N. Muthuranga Mudaliyar.
11. ,, Muhammad Meera Ravuttar.
12. ,, D. Narayana Raju.
13. Dr. B. S. Mallayya.
14. Mr. K. R. Karant.
15. ,, C. Obi Reddi.
16. ,, A. Parasurama Rao.
17. ,, C. Ramasomayajulu.
18. ,, Basheer Ahmad Sayeed Sahib.
19. ,, P. Bhaktavatsulu Nayudu.
20. Sriman Biswanath Das Mahasayo.
21. Mr. R. Srinivasa Ayyangar.
22. ,, V. Kameswara Rao.
23. ,, L. K. Tulasiram.
24. ,, C. Venkatarangam Nayudu.
25. ,, K. S. Sivasubrahmanya Ayyar.
26. ,, A. Ranganatha Mudaliyar.
27. Diwan Bahadur R. N. Arogyaswami Mudaliyar.
28. Mr. Ramanath Goenka.
29. ,, R. Nagan Gowda.
30. The Zamindar of Gollapalli.
31. Mr. C. R. Parthasarathi Ayyangar.
32. ,, Chavadi K. Subrahmanya Pillai.
33. ,, K. R. Venkatarama Ayyar.
34. ,, C. Gopala Menon.
35. Rao Bahadur C. S. Ratnasabhapati Mudaliyar.

Noes.

1. The hon. Sir Norman Marjoribanks.
2. ,, Khan Bahadur Sir Muhammad Usman Sahib Bahadur.
3. ,, Mr. T. E. Moir.
4. ,, Diwan Bahadur M. Krishnan Nayar.
5. ,, Mr. M. R. Seturatnam Ayyar.
6. ,, Mr. S. Muthiah Mudaliyar.
7. ,, Dr. P. Subbarayan.
8. Rao Bahadur C. V. Anantakrishna Ayyar.
9. Mr. C. B. Cotterell.
10. ,, H. A. Watson.
11. ,, C. A. Souter.
12. ,, S. H. Slater.
13. ,, A. McG. C. Tampoe.
14. ,, C. W. E. Cotton.
15. Mr. V. Ch. John.
16. ,, M. A. Manikkavelu Nayakar.
17. ,, Syed Tajuddin Sahib.
18. ,, Abdul Wahab Sahib.
19. ,, H. B. Ari Gowder.
20. ,, A. B. Shetty.
21. ,, J. Bheemayya.
22. ,, R. Foulkes.
23. ,, P. J. Gnanavaram Pillai.
24. ,, Mahmud Schamnad Sahib.
25. ,, Muppil Nayar of Kavalappara.
26. Subadar-Major S. A. Nanjappah Bahadur.
27. Mr. K. Krishnan.
28. Mr. N. Siva Raj.
29. ,, V. Gangadhara Siva.
30. ,, V. I. Muniswami Pillai.

31. Mr. W. P. A. Soundarapandya Nadar.
32. ,, S. Subrahmanya Moopanar.
33. ,, Daniel Thomas.
34. ,, S. Venkayya.
35. ,, Syed Ibrahim Sahib.
36. Rao Sahib R. Srinivasan.
37. Mr. K. Ramachandra Padayachi.
38. ,, A. S. Sahajananda Swami.
39. ,, G. R. Premayya.
40. ,, V. Ramjee Rao.
41. Khan Bahadur P. Khalif-ul-lah Sahib Bahadur.
42. The Raja of Panagal.
43. Rao Bahadur Sir A. P. Patro.
44. Mr. P. T. Rajan.
45. ,, T. K. Chidambaranatha Mudaliyar.
46. ,, Khadir Muhideen Sahib.
47. Khan Bahadur Abdul Razack Sahib Bahadur.
48. Diwan Bahadur S. Kumaraswami Reddiyar.
49. Mr. T. M. Moidu Sahib.
50. Diwan Bahadur A. M. M. Murugappa Chettiyar.
51. The Zamindar of Mirzapuram.
52. Mr. P. Siva Rao.
53. ,, K. P. Raman Menon.

Ayes 35. Noes 53.

The motion was lost.

3-30 p.m. * The hon. the PRESIDENT :—" The Council will now take the Bill into consideration."

Clause 1.

The hon. the PRESIDENT :—" The question is that clause 1 do stand part of the Bill."

The question was put and adopted, and clause 1 was added to the Bill.

Clause 2.

The hon. the PRESIDENT :—" The question is that paragraph 1 of clause 2 do stand part of the Bill."

The question was put and adopted.

Mr. C. GOPALA MENON :—" Sir, I beg to move—

'In line 5, *omit* the figure 9'.

" Section 9 of the original Act operates as a safeguard against excessive lending of State money to unsound concerns. As it is, it permits the lending of an amount equal to the net assets of the concern, and if this section 9 is omitted, there is nothing to prevent the grant of a loan of an amount which is much larger than the existing assets. It was mentioned by the hon. the Minister that these amendments are going to be carried out for the purpose of helping cottage industries. For instance, if a cottage industry that can be run on Rs. 100 wants State aid, it will be quite sufficient to carry on the business if a loan of Rs. 100 is granted to that concern. If the operation of this section 9 is to be omitted, it will mean that more than Rs. 100 may be given as a loan to that concern, which will only have a demoralizing effect on the concern. Therefore, I move this amendment."

The hon. the PRESIDENT (after a pause) :—" For want of a seconder, the amendment falls through."

Mr. C. GOPALA MENON :—" Sir, I beg to move—

in line 6, for *the word* '*industries*' substitute *the words* '*any industrial business or enterprise*'.

" I understand the hon. Minister has no objection to this amendment of mine, and so I need not give any weighty reasons for its acceptance."

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Mr. K. S. SIVASUBRAHMANYA AYYAR :—" I second it."

The hon. Mr. M. R. SETURATNAM AYYAR :—" I accept the amendment, Sir.

* The hon. the PRESIDENT :—" The question is : in line 6, *for* the word 'industries' *substitute* the words 'any industrial business or enterprise."

The question was put and adopted, and the amendment carried.

Mr. C. GOPALA MENON :—" Sir, I beg to move

'*In line 7, for the word " one " substitute the word " five ".*'

I had a talk with the hon. Minister this afternoon, and he was prepared to meet me half way by agreeing to substitute Rs. 2,500 for Rs. 5,000 which I want to have in place of 'one thousand rupees'. So . . . ."

The hon. the PRESIDENT :—" What is the amendment before the House ? "

Mr. C. GOPALA MENON :—" I shall wait, and if the hon. Minister accepts, I shall substitute Rs. 2,500."

* The hon. the PRESIDENT :—" I may inform hon. Members of the House that if any amendment is negotiated and agreed upon between the Member of Government and the mover of an amendment, it must at least be put in the hands of the President in time."

Mr. C. GOPALA MENON :—" I shall then move the amendment as on the paper, Sir. If you take an industry like match manufacture, furniture making, coir-mat making, pottery, etc , rupees one thousand would be hardly enough when such an industry is under difficulties. There may be excessive stock, and at that time the industry may have to apply to the Department of Industries for help. Unless the amount is increased to Rs. 5,000, it may not be possible for an industry to keep on working at times when it is found necessary that State aid should be given to it."

Mr. K. S. SIVASUBRAHMANYA AYYAR :—" I second it."

The hon. Mr. M. R. SETURATNAM AYYAR :—" I have no objection to accept an amendment for Rs. 2,500."

* The hon. the PRESIDENT :—" I am not able to follow the hon. the Minister for Development. The amendment is to substitute 'five thousand rupees' for 'one thousand rupees.' I already said that I am not prepared to accept surprises. If the hon. the Minister and the hon. the Mover have agreed upon a certain amendment, it ought to have been in my hands before the amendment was taken up. Unless I adhere to this very strictly, I am sure there may be any amount of confusion when heavy legislation is taken up. Therefore in this matter, whatever be the agreement, I am unable to deviate from the practice."

The hon. Mr. M. R. SETURATNAM AYYAR :—" I beg your pardon, Sir, I oppose the amendment as it is."

Dr. B. S. MALLAYYA :—" May I request the President to suspend the standing order and give a chance to the hon. Minister ? "

Mr. L. K. TULASIRAM :—" I support the amendment of my hon. Friend, Mr. Gopala Menon. He only wants five thousand rupees to be inserted in the place of one thousand. Sir, in the matter of these cottage industries, there

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may come a time when the hon. Minister himself will come forward with an amendment to make it Rs. 10,000. Really, Sir, the policy of the Government with regard to these industries ought to be a very liberal policy. Sir, are there many industries in India, even cottage industries, which do not require five thousand rupees? Let us take the lace-making industry or mat-making industry. Whatever it may be, even this five thousand rupees is a very small sum for a cottage industry, and if the hon. the Minister opposes this, it is much better that it does not have any State aid at all. I therefore think that the hon. Minister should come forward and thank my hon. Friend for amending it into five thousand rupees."

Mr. J. A. SALDANHA :—"I strongly support the amendment of my hon. Friend, Mr. Gopala Menon, for the reasons already given by him (laughter)."

Mr. A. RANGANATHA MUDALIYAR :—"I will only add one word, and that is, if this amendment is carried, it will not by any means be binding that a loan of Rs. 5,000 should be granted or that all industries of Rs. 5,000 and below should be helped. Only the maximum limits are indicated within which help may be rendered. I think the hon. Minister should have no objection to accept it."

The hon. the PRESIDENT :—"I take it that the House is ready for a vote. The question is: In line 7 *for* the word 'one' *substitute* the word 'five'."

The question was put and declared lost. A poll was demanded and the House divided thus :—

Ayes.

1. Mr. V. Ramjee Rao.
2. ,, Sami Venkatachalam Chetti.
3. ,, S. Satyamurti.
4. ,, C. V. Venkataramana Ayyangar.
5. ,, T. Adinarayana Chettiyar.
6. ,, P. Anjaneyulu.
7. ,, J. A. Saldanha.
8. ,, Abdul Hamid Khan.
9. ,, C. S. Govindaraja Mudaliyar.
10. ,, G. Harisarvottama Rao.
11. ,, C. N. Muthuranga Mudaliyar.
12. ,, D. Narayana Raju.
13. Dr. B. S. Mallayya.
14. Mr. K. R. Karant.
15. ,, C. Obi Reddi.
16. ,, A. Parasurama Rao.
17. ,, C. Ramasomayajulu.
18. ,, Basheer Ahmad Sayeed.
19. Mr. P. Bhaktavatsulu Nayudu.
20. Sriman Biswanath Das Mahasayo.
21. Mr. R. Srinivasa Ayyangar.
22. ,, L. K. Tulasiram.
23. ,, C. Venkatarangam Nayudu.
24. ,, K. S. Sivasubrahmanya Ayyar.
25. ,, A. Ranganatha Mudaliyar.
26. Diwan Bahadur R. N. Arogyaswami Mudaliyar.
27. Mr. Ramanath Goenka.
28. ,, R. Nagan Gowda.
29. ,, C. R. Parthasarathi Ayyangar.
30. ,, P. Siva Rao.
31. ,, K. P. Raman Menon.
32. ,, C. Gopala Menon.
33. ,, B. Ramachandra Reddi.
34. The Kumara Raja of Venkatagiri.
35. Mr. K. R. Venkatarama Ayyar.

Noes.

1. The hon. Sir Norman Marjoribanks.
2. ,, Khan Bahadur Sir Muhammad Usman Sahib Bahadur.
3. ,, Mr. T. E. Moir.
4. ,, Diwan Bahadur M. Krishnan Nayar.
5. ,, Mr. M. R. Seturatnam Ayyar.
6. ,, ,, S. Muthiah Mudaliyar.
7. ,, Dr. P. Subbarayan.
8. Rao Bahadur C. V. Anantakrishna Ayyar.
9. Mr. C. B. Cotterell.
10. ,, H. A. Watson.
11. ,, C. A. Souter.
12. Mr. S. H. Slater.
13. ,, A. McG. C. Tampoe.
14. ,, C. W. E. Cotton.
16. ,, V. Ch. John.
15. ,, M. A. Manikkavelu Nayakar.
17. ,, Syed Tajudin Sahib.
18. ,, Abdul Wahab Sahib.
19. ,, H. B. Ari Gowder.
20. ,, A. B. Shetty.
21. ,, J. Bheemayya.
22. ,, R. Foulkes.
23. ,, Muppil Nayar of Kavalappara.
24. Subadar-Major S. A. Nanjappah Bahadur.

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Noes—cont.

25. Mr. K. Krishnan.
26. ,, N. Siva Raj.
27. ,, M. V. Gangadhara Siva.
28. ,, V. I. Muniswami Pillai.
29. ,, W. P. A. Soundarapandia Nadar.
30. ,, S. Subrahmanya Moopanar.
31. ,, Daniel Thomas.
32. Mr. S. Venkayya.
33. ,, Kenneth Kay.
34. Rao Sahib R. Srinivasan.
35. Khan Bahadur P. Khalif-ul-lah Sahib Bahadur.
36. Swami A. S. Sahajanandam.
37. Diwan Bahadur P. C. Ethirajulu Nayudu.

Neutral.

1. Dr. (Mrs.) S. Muthulakshmi Reddi.
2. Mr. Syed Ibrahim Sahib.
3. Rajkumar S. N. Dorai Raja.
4. The Zamindar of Kallikota.
5. Mr. K. Ramachandra Padayachi.
6. The Zamindar of Seithur.
7. Mr. Chavadi K. Subrahmanya Pillai.
8. The Raja of Panagal.
9. Rao Bahadur Sir A. P. Patro.
10. Mr. P. T. Rajan.
11. ,, T. K. Chidambaranatha Mudaliyar.
12. Muhammad Khadir Mohidin Sahib Bahadur.
13. Khan Bahadur S. K. Abdul Razack Sahib Bahadur.
14. Diwan Bahadur S. Kumaraswami Reddiyar.
15. T. M. Moidoo Sahib Bahadur.
16. Rao Bahadur K. Sitarama Reddi.
17. Diwan Bahadur A. M. M. Murugappa Chettiyar.
18. The Zamindar of Mirzapuram.

Ayes 35. Noes 37. Neutral 18.

The amendment was lost.

* Mr. J. A. SALDANHA :—" I beg to move the following amendment :—

Add at the end the following words :—

'*and nothing in section 9 shall apply to new and nascent industries or to industries to be newly introduced into areas where such industries are undeveloped.*'

" This amendment of mine requires some elucidation. So, I hope the House will bear with me and hear me with some patience. The Act is somewhat of a technical character and somewhat complicated by certain clauses to which we at first sight do not pay sufficient attention. Only when they are brought into operation for giving a loan, we find that in some unlooked-for corner there is a provision against granting a loan. Therefore, Sir, you will find that though every year Government have been providing something like Rs. 5 lakhs for giving loans, few applications are received for these loans.

" Some screw seems to be loose somewhere : not only somewhere but everywhere (laughter). When anyone applies for a loan, he always does so with hesitancy and fear. Now we find there are no applications for these loans because it is felt that it is better to go to a Marwari and pay 20 per cent than go in for a Government loan. The one section that gives rise to all this trouble is section 9. Sections 9 and 10 ought to be read together." 3-45 p.m.

The hon. the PRESIDENT :—" I do not find any reference to section 10 in the amendment."

Mr. J. A. SALDANHA :—" Section 9 is unnecessary because section 10 provides the actual security for the grant of the loan. Under section 10 any collateral security can be taken. Suppose there is a man, an enterprising man, who starts a business and wants a small loan on the security of his other

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properties. Even when he gives you ample security, this section 9 stands in the way. This section says that unless there is half the value by way of assets, no loan should be granted. In spite of the willingness to give ample collateral security, we have known cases of refusal to grant loans. Remember the conditions of sanctioning a loan. The Board will have to sit and see whether the business is profitable and so on. We are not experts. Nobody sitting in that board is an expert. It is a mere waste of time. Even when there is security ten times the amount asked for, this section stands in the way. Before this Act came into force, the Government had the liberty to give any loan. But under this Act, the Minister may be willing but his hands are tied. Then there is the Finance Department."

* The hon. the PRESIDENT :—"I am afraid the hon. Member is repeating his arguments. The hon. Member must know that repetitions are not allowed."

Mr. J. A. SALDANHA :—"I therefore urge my friends to support me. In the present amending Bill there is a chance for new industries, the cottage industries. But it requires a stipulation as to what cottage industries is. The Finance Department will have its objection there also. Let us thank them for small mercies. If you pass this amendment, you will have more applications and instead of 2 lakhs you will have to provide for 4 lakhs. If Government do not want to make this Act an object of ridicule because no one will apply for a loan under it, they must accept this amendment which will do away with section 9."

* Mr. P. ANJANEYULU :—"I second the amendment. In so doing, I want to draw the attention of the House to the statement of objects and reasons in the very Bill of the Government. They admit that the Act was passed four years ago but very few applications have come in. 'There is reason to believe that this paucity of applications is due to the provision in section 9 of the Act which stipulates that concerns applying for aid should show assets equivalent to double the amount of the loan applied for.' They feel that section 9 was not found workable in effect during the last four years. Having conceded so far, they make the case for my friend very easy. We request that they may follow their reasoning to the logical conclusion. If this amendment is accepted, there is nothing incumbent upon the Government to grant the loan. It is always left to their sweet will and pleasure whether to grant it or not. This is only an enabling provision. If the Industries department want to help a new industry, they may grant the loan on the offer of a collateral security. In these circumstances, if the Government mean what they say and unless it is a State Control Industries Act and not State Aid to Industries Act—if they mean by new industries of the country, industries which are just being started, Government must accept this amendment."

* The hon. Mr. M. R. SETURATNAM AYYAR :—"The amendment introduces a new provision in the Bill which, I think, is not consistent with the object of the Bill. The Bill is confined to small scale industries and the amendment seeks to embody further provisions which, I think, require some detailed consideration. The effect of the amendment will be that the Government will have to grant loans to the classes of industries in question even though they

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are not able to offer security to the extent of twice the value of the loan applied for. This will be too great a risk to take cespecially in respect of new ventures involviug large capital commitments. I am unable to accept the amendment."

Rao Bahadur Sir A. P. PATRO :—" We are all very thankful to Government for bringing the amending Bill in order that the State Aid to Industries Act may be applicable to cottage industries. We thought that it was a step taken in the right direction. We are now having a harmless amendment which is being opposed. The amendment seeks to permit the grant of loans on the applicants furnishing collateral security. There is also the other safeguard for the Government that in case a cottage industry is started, a report is received whether it is profitable or not. The scheme has to be examined from so many aspects and the Government have to satisfy themselves whether it deserves the support. Unless the application satisfies these tests, Government will not move in the matter. If it is the *bona fide* intention of the Government to encourage and promote cottage industries, it seems te me that this harmless provision should be accepted. If we understand aright the intentions of Government in going on with the cottage industries survey at large expenditure, a provision like this is absolutely necessary in order to help such industries. We have not heard anything from the Minister to show that such a provision is detrimental. If the other safeguards under the Act are observed, there will be no loss at all to the Government. It is essential to remember that there are small industries started by good people with small capital and it is these industries that ought to be promoted. We have got the examples of pencil factories and paper factories with disastrous results. With that as a warning and in view of the revised policy of Government to encourage cottage industries, I think this amendment must be carried. Unless you carry your intentions out into practice and stand by the side of the struggling industries, the State Aid to Industries Act will be futile."

The hon. Mr. T. E. MOIR :—" Mr. President, Sir, the hon. Member, Sir Parasuram Patro, is, I think, under an entire misconception. The object of the amendment brought forward by Government to Act V of 1923 is to allow a greater latitude in the case of exactly those cottage industries or minor industries to which the hon. Member has referred. And the effect of the new clause is exactly to exclude those industries from the operation of section 9. It is very difficult to say what is exactly to be treated as cottage industry or minor industry unless we fix a certain minimum capital for each industry. The House has just now reasonably fixed it at Rs. 1,000. Those industries to which the hon. Member referred do get the benefit of the exemption for which he is pleading and they are exempted from the operation of section 9. It is immaterial whether they are new or nascent industries. In any case, whatever they are, new or nascent or existing, they are excluded from the operation of section 9. What is the effect of the amendment of the hon. Member Mr. Saldanha? It is that any industry which could be termed new or nascent, irrespective of the amount of capital it required, shall be excluded from the operation of section 9. It would be quite impossible for Government to accept the amendment which may have a very serious financial effect and involve Government in serious financial liability." 4 p.m.

Mr. J. A. SALDANHA :—" May I reply, Sir ? "

* The hon. the PRESIDENT :—" I do not think that movers of amendments have got a right of reply, because an amendment is not a substantive motion."

* Mr. A. McG. C. TAMPOE:—" Mr. President, Sir, it would have been hardly necessary for me to say anything but for the fact that the House has not quite grasped the situation. If the amendment moved by Mr. Saldanha is carried, it would mean that Government could lend money to industrial enterprises of a certain nature specified by him without there being any security at all. Section 9 was referred to by the speaker. But I notice that there is no collateral security of any nature there."

Mr. J. A. SALDANHA :— " Section 10."

* Mr. A. McG. C. TAMPOE :—" Section 10 is referred to only just now. But I should like to point out that the reason why section 9 insists on a certain minimum security to be afforded by the business concern asking for a loan is this, that there should be some evidence of serious effort on the part of the company's promoters or the undertakers to do the financing work themselves. It would be, I think, placing a premium on thoughtless commercial ventures which are fraught with so much financial risk, and in a country not used to such things, if we should allow anybody who has taken no special effort to finance the commercial concern to be able to go to Government and take a loan on the security of immoveable property. Any such step would necessitate a good deal of care as to the expenditure of the loan by the borrower. These are the reasons which I believe led to the provision of section 9 and the present suggestion to drop it altogether will be to give up one of the most important considerations which underlay the original Act."

* Mr. C. RAMASOMAYAJULU :—" Sir, in spite of the speeches of the hon. the Finance Member and the Development Secretary, the House still remains unconvinced of the case for the Government. The mover of the amendment has pointed out that the financial aspect of the problem is safeguarded by the provision in section 10. I fail to see, therefore, any reason for the nervousness of Government, except it be that they don't want to develop nascent industries in the province. The Finance Member seems to think that carrying this amendment would produce serious financial effect. There is the safeguard mentioned in section 10 besides other safeguards mentioned by the hon. Member, Sir Patro. For whose benefit is section 9 to be amended by the Government motion? It is intended for industries already in existence with a capital of Rs. 1,000. But new industries also deserve special encouragement. Supposing there is a young man in the country who is responsible for launching an industry of a new nature and Government find that it would ultimately prosper if it is helped in the initial stages, this amendment is intended for such cases, and the Government need not feel nervons about the realization of the money advanced, since there is section 10 providing for collateral security."

The hon. the PRESIDENT :—" The question is that in clause 2 add at the end the following words :—

" and nothing in section 9 shall apply to new and nascent industries or to industries to be newly introduced into areas where such industries are undeveloped."

8th September 1928]

The question was put to the House and declared lost. A poll was demanded and the House divided thus :—

Ayes.

1. Mr. Sami Venkatachalam Chetti.
2. ,, S. Satyamurti.
3. ,, C. V. Venkataramana Ayyangar.
4. ,, T. Adinarayana Chettiyar.
5. ,, P. Anjaneyulu.
6. ,, J. A. Saldanha.
7. Abdul Hamid Khan Sahib Bahadur
8. Mr. C. S. Govindaraja Mudaliyar.
9. ,, G. Harisarvottama Rao.
10. ,, C. N. Muthuranga Mudaliyar.
11. ,, D. Narayana Raju.
12. Dr. B. S. Mallayya.
13. Mr. K. R. Karant.
14. ,, C. Obi Reddi.
15. ,, A. Parasurama Rao.
16. ,, C. Ramasomayajulu.
17. Basheer Ahmad Sayeed Sahib Bahadur.
18. Mr. P. Bhaktavatsulu Nayudu.
19. Sriman Biswanath Das Mahasayo.
20. Mr. A. Kaleswara Rao.
21. ,, R. Srinivasa Ayyangar.
22. ,, L. K. Tulasiram.
23. ,, C. Venkatarangam Nayudu.
24. ,, K. S. Sivasubrahmanya Ayyar.
25. ,, A. Ranganatha Mudaliyar.
26. Diwan Bahadur R. N. Arogyaswami Mudaliyar.
27. Mr. Ramanath Goenka.
28. ,, R. Nagan Gowda.
29. ,, C. R. Parthasarathi Ayyangar.
30. ,, K. Chavadi Subrahmanya Pillai.
31. ,, K. R. Venkatarama Ayyar.
32. ,, K. P. Raman Menon.
33. ,, C. Gopala Menon
34. Rao Bahadur Sir A. P. Patro.
35. Diwan Bahadur P. C. Ethirajulu Nayudu.
36. Rao Bahadur K. Sitarama Reddi.

Noes.

1. The hon. Sir Norman Marjoribanks.
2. ,, Khan Bahadur Sir Muhammad Usman Sahib Bahadur.
3. ,, Mr. T. E. Moir.
4. ,, Diwan Bahadur M. Krishnan Nayar.
5. ,, Dr. P. Subbarayan.
6. ,, Mr. S. Muthiah Mudaliyar.
7. ,, ,, M. R. Seturatnam Ayyar.
8. Rao Bahadur C. V. Anantakrishna Ayyar.
9. Mr. C. B. Cotterell.
10. ,, H. A. Watson.
11. ,, C. A. Souter.
12. ,, S. H. Slater.
13. ,, A. McG. C. Tampoe.
14. ,, C. W. E. Cotton.
15. ,, V. Ch. John.
16. ,, M. A. Manikkavelu Nayakar.
17. Syed Tajudin Sahib Bahadur.
18. Abdul Wahab Sahib Bahadur.
19. Mr. A. B. Shetty.
20. ,, J. Bheemayya.
21. ,, R. Foulkes.
22. ,, P. J. Gnanavaram Pillai.
23. ,, Muppil Nayar of Kavalappara.
24. ,, J. Kuppuswami.
25. Subadar-Major S. A. Nanjappah Bahadur.
26. Mr. K. Krishnan.
27. ,, N. Siva Raj.
28. ,, M. V. Gangadhara Siva.
29. ,, V. I. Muniswami Pillai.
30. ,, W. P. A. Soundara Pandia Nadar.
31. ,, S. Subrahmanya Moopanar.
32. ,, Daniel Thomas.
33. ,, S. Venkiah.
34. Syed Ibrahim Sahib Bahadur.
35. Mr. Kenneth Kay.
36. ,, K. Ramachandra Padayachi.
37. Rao Sahib R. Srinivasan.
38. Mr. G. R. Premayya.
39. ,, A. S. Sahajananda Swami.

Neutral.

1. Dr. (Mrs.) S. Muthulakshmi Reddi.
2. Mr. V. Ramjee Rao.
3. The Zamindar of Seithur.
4. Rao Bahadur C. S. Ratnasabapathi Mudaliyar.
5. The Raja of Panagal.
6. Mr. P. T. Rajan.
7. ,, T. K. Chidambaranatha Mudaliyar.
8. Khan Bahadur S. K. Abdul Razack Sahib Bahadur.
9. Kadir Mohidin Sahib Bahadur.
10. The Zamindar of Mirzapuram.

Ayes 36. Noes 39. Neutral 10.

The amendment was lost.

The question that clause 2 of the Bill as amended do stand part of the Bill was put to the House and carried.

Clause 2 was added to the Bill.

Clause 3.

Rao Bahadur C. V. ANANTAKRISHNA AYYAR :—" Mr. President, Sir, I have to move a few formal amendments. I move that in line 4 of clause 3 the figure '(15)' be inserted before the words 'the conditions.' The original section contained 14 clauses ; now that we are adding a 15th clause, this amendment is necessary."

The question was put to the House and carried; the amendment was made.

Rao Bahadur C. V. ANANTAKRISHNA AYYAR :—" I move, Sir, that in line 5 the comma after the word 'cash' may be omitted."

The hon. Dr. P. SUBBARAYAN :—" I second it."

The amendment was put to the House and carried.

4-15 p.m. The hon. the PRESIDENT :—" The question is clause (3) as amended do form part of the Bill."

The question was put and carried.

Rao Bahadur C. V. ANANTAKRISHNA AYYAR :—" After clause (3), add the following as a new clause :—

'4. The word " and " at the end of clause (13) of sub-section (*b*) of section 19 of the said Act shall be omitted, and the word " and " shall be inserted at the end of clause 14 of sub-section (*b*) of section 19 of the said Act.'

" This amendment is equally a drafting amendment.

" Formerly, there were only 14 clauses and at the end of clause (13) you had the word 'and'. Now that we have got the 15th clause, a formal amendment has been made to insert the word 'and' at the end of clause (14) instead of at the end of clause (13)."

Mr. C. B. COTTERELL :—" I second it, Sir."

The question was put and carried.

The hon. Mr. M. R. SETURATNAM AYYAR :—" I now move, Sir, that the Bill as amended by the House be passed into law."

The question was put and carried.

VIII

A BILL TO AMEND THE INDIAN FISHERIES ACT, 1897.

*The hon. Mr. M. R. SETURATNAM AYYAR :—" Mr. President, Sir, I beg

> '*to present the report* of the Select Committee appointed to consider the Bill to amend the Indian Fisheries Act,* 1897, *in its application to the Presidency of Madras and move that the Bill as amended by the Select Committee be taken into consideration.*'

" I need not at this stage perhaps advert to the objects of the amendment. As will be seen from the Statement of Objects and Reasons, it is proposed to provide for the following three matters :—

(1) For empowering the Government to prohibit the destruction of fry or immature fish in waters where such a course is considered necessary ;

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* Printed so Appendix XIV at pages 607–610 infra.